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United States General Accounting Office

GAO

Report to the Administrator of General Services

COMPLETED

October 1986

SMALL BUSINESS ACT

GSA's Disadvantaged Business Advocate Reports to Proper Management Level

ORIGINAL

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United States
General Accounting Office
Washington, D.C. 20548

General Government Division
B-222903.2

October 7, 1986

The Honorable Terence C. Golden
The Administrator of General
Services

Dear Mr. Golden:

In letters dated January 14 and May 2, 1986, the Chairman, House Committee on Small Business, requested that we review 13 agencies to determine their compliance with Section 15(k) of the Small Business Act. In subsequent discussions, the Chairman's office defined the primary concern as the agencies' compliance with Section 15(k)(3). This subsection describes the required reporting level for each agency's Director, Office of Small and Disadvantaged Business Utilization (OSDBU). The General Services Administration (GSA) was one of the agencies selected.

Sections 15(k)(1) and (2) of the Small Business Act require each federal agency with procurement powers to establish an OSDBU and that the agency head appoint a Director for this office. Section 15(k)(3) requires that the Director shall be responsible only to and report directly to the agency head or deputy. The remaining subsections in Section 15(k) describe the Director's duties and responsibilities.

The legislative history of Section 15(k) of the Small Business Act shows that the Congress intended to mandate a direct reporting relationship between the OSDBU Director and the agency head or deputy. A report by the Senate Select Committee on Small Business noted that, in the past, officials who were responsible for small business participation at federal agencies often did not hold high enough positions in the agency to be effective.

The purpose of Section 15(k)(3) is to provide the Director immediate access to the agency's top policymakers and thus maximize the Director's effectiveness as an advocate of small and disadvantaged businesses.

To determine if GSA was in compliance with the Small Business Act, Section 15(k)(3), we interviewed the agency's OSDBU Director and reviewed organizational charts, a description of the Director's responsibilities, the Director's performance evaluation, and other documents describing the Office's establishment, mission, reporting level, and current operations. We also reviewed the Small Business Act and its legislative history. Our

work was performed from March through May 1986 at GSA's Washington, D.C., headquarters and was done in accordance with generally accepted government auditing standards.

GSA Is in Compliance With the Law

GSA's OSDBU was established on April 17, 1979, and is located in the Office of the Administrator. From the OSDBU's inception its Director has been primarily responsible to, and has reported primarily to, the Deputy Administrator, who is the second highest agency official. The Director also reports to the Administrator on certain OSDBU matters. Therefore, we conclude that GSA is in compliance with the Small Business Act provisions concerning the OSDBU Director's required reporting level.

As requested by the Chairman's office, we did not obtain GSA's official comments on this report. However, we did discuss its contents and conclusion with the Director, OSDBU, who agreed that it fairly represents the conditions at GSA.

As arranged with the Chairman's office, we are sending copies of this report to the Chairman, House Committee on Small Business; the Director, Office of Management and Budget; and other interested parties upon request.

Sincerely yours,

W. J. Anderson

William J. Anderson
Assistant Comptroller General

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